

Ardmore Tourism Authority
Financial Statements
Year-End June 30, 2020

ARDMORE TOURISM AUTHORITY
For the Year Ended June 30, 2020

Table of Contents

Independent Auditor's Report	1
<u>Basic Financial Statements:</u>	
Government-Wide Statement of Assets, Liabilities and Net Position – Modified Cash Basis and Governmental Funds Statement of Assets, Liabilities and Fund Balances – Modified Cash Basis	3
Government-Wide Statement of Revenues, Expenses and Changes in Net Position- Modified Cash Basis and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances – Modified Cash Basis	4
Notes to the Financial Statements	5
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters and on Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	14
Schedule of Findings and Responses	16



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Ardmore Tourism Authority

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of Ardmore Tourism Authority (the Authority) a component unit of the City of Ardmore, Oklahoma, as of and for the year ended June 30, 2020, and the related notes to the financial statements which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial

statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and each major fund of Ardmore Tourism Authority as of June 30, 2020, and the respective changes in modified cash basis financial position, thereof for the year then ended in conformity with the accounting basis described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report June 22, 2021, on our consideration of Ardmore Tourism Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Ardmore Tourism Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ardmore Tourism Authority's internal control over financial reporting and compliance.

Mary Johnson & Associates PLLC

Ardmore, Oklahoma
June 22, 2021

ARDMORE TOURISM AUTHORITY

Government-Wide Statement of Assets, Liabilities and Net Position – Modified Cash Basis and
Governmental Funds Statement of Assets, Liabilities and Fund Balances – Modified Cash Basis
June 30, 2020

	<u>General Fund</u>	<u>Adjustments (Note 8)</u>	<u>Statement of Net Position</u>
<u>ASSETS</u>			
Current assets:			
Cash	\$ 172,110	\$ -	\$ 172,110
Prepaid expenses	31,543	-	31,543
Land and construction in progress	-	1,823,942	1,823,942
Capital assets, net of accumulated depreciation	<u>-</u>	<u>6,102,592</u>	<u>6,102,592</u>
Total Assets	<u>\$ 203,653</u>	<u>\$ 7,926,534</u>	<u>\$ 8,130,187</u>
<u>LIABILITIES</u>			
Current liabilities:			
Rental Deposits	\$ 11,009	\$ -	\$ 11,009
Sales tax to be remitted	2,561	-	2,561
Due to affiliate	8,862	-	8,862
Long-term liabilities			
Due within one year	-	81,637	81,637
Due after one year	<u>-</u>	<u>676,474</u>	<u>676,474</u>
Total liabilities	<u>\$ 22,432</u>	<u>\$ 758,111</u>	<u>\$ 780,543</u>
<u>FUND BALANCE/NET POSITION</u>			
Fund balances:			
Unassigned	<u>181,221</u>	<u>(181,221)</u>	-
Total fund balances	<u>181,221</u>	<u>(181,221)</u>	
Total liabilities and fund balances	<u>\$ 203,653</u>		
Net position:			
Net Investment in Capital Assets		7,168,422	7,168,422
Unrestricted		<u>181,222</u>	<u>181,222</u>
Total Net Position		<u>\$ 7,349,644</u>	<u>\$ 7,349,644</u>

The accompanying notes are an integral part of the financial statements

ARDMORE TOURISM AUTHORITY
Government-Wide Statement of Revenues, Expenses and Changes
in Net Position- Modified Cash Basis and
Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balances – Modified Cash Basis
For the Year Ended June 30, 2020

<u>Functions/Programs</u>	<u>General Fund</u>	<u>Adjustments (Note 8)</u>	<u>Statement of Activities</u>
Expenditures/expenses:			
Tourism	\$ 318,445	\$ -	\$ 318,445
Convention Center	572,474	288,951	861,425
Capital Outlay	851,565	(851,565)	-
Debt Service			
Principal	(322,597)	322,597	-
Interest	30,877	-	30,877
Total Expenditures/Expenses	<u>1,450,764</u>	<u>(240,017)</u>	<u>1,210,747</u>
Program Revenues			
Charges for Services	156,384	-	156,384
Operating Grants and Contributions	807,463	-	807,463
	<u>963,847</u>	<u>-</u>	<u>963,847</u>
Net program expense			<u>(246,900)</u>
General Revenues:			
Investment income	<u>820</u>	<u>-</u>	<u>820</u>
Total general revenues and transfers	<u>12,920</u>	<u>-</u>	<u>12,920</u>
Excess of revenues and transfers in over expenditures and transfers out	(473,997)	473,997	
Net Change in Net Position		(233,980)	(233,980)
Fund Balance/Net Position:			
Beginning of Year	<u>655,218</u>	<u>6,928,406</u>	<u>7,583,624</u>
End of Year	<u>\$ 181,221</u>	<u>\$ 7,168,423</u>	<u>\$ 7,349,644</u>

The accompanying notes are an integral part of the financial statements

ARDMORE TOURISM AUTHORITY
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 1 - Summary of Significant Accounting Policies

The Ardmore Tourism Authority (Authority) is a trust created under an indenture dated November 21, 1994, as amended, pursuant to Title 60 of the Oklahoma Statutes, section 176, et seq., with the City of Ardmore, Oklahoma named as the beneficiary. The purpose of the Authority is to promote tourism within the City of Ardmore.

A board of trustees, consisting of eleven members, governs the Authority. One trustee shall be the Executive Director of the Ardmore Main Street Authority, one shall be the manager of the Hardy Murphy Trust Authority and nine members shall be appointed by the City of Ardmore to broadly represent the interests of hotel, motel and restaurant industries, the Chamber of Commerce and the Regional Park Authority.

The Authority is a component unit of City of Ardmore. Its financial statements are included in the City's financial report as a discretely presented unit. The Authority receives 80% of its program revenue from the City.

Reporting Entity

The Authority's basic financial statements include the accounts of all the Authority's operations. The criteria for including organizations as component units within the Authority's reporting entity include whether:

- The organization is legally separate (can sue and be sued in their own name)
- The Authority holds the corporate powers of the organization
- The Authority appoints a voting majority of the organization's board
- The Authority is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the Authority
- There is fiscal dependency by the organization on the Authority

Based on the aforementioned criteria, the Ardmore Tourism Authority has no component units.

Basis of Presentation Government-Wide and Fund Financial Statements

Government-Wide Financial Statements. The government-wide financial statements include the statement of assets, liabilities and net position- modified cash basis and the statement of revenues, expenses and changes in net position –modified cash basis to report information on all of the activities of the Authority.

ARDMORE TOURISM AUTHORITY
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

Basis of Presentation Government-Wide and Fund Financial Statements (continued)

The statement of assets, liabilities and net position- modified cash basis reports both short and long-term assets and liabilities specifically including capital assets acquired by the Authority.

The statement of revenues, expenses and changes in net position –modified cash basis demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include rents and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead *as general revenues*.

The government-wide financial statements of the Authority are prepared on a modified cash basis of accounting. Under this basis, cash receipts are recognized as revenue at the date of receipt and cash payments are recognized as expenses at the date of payment with the following modifications:

- Capital assets are recorded as assets when purchased and related depreciation is recorded.
- Long-term debt is recorded when incurred.

Government Funds Statements. The government funds statements include a statement of assets, liabilities and fund balance-modified cash basis and a statement of revenues, expenditures and changes in fund balance- modified cash basis. The only major fund is the general fund.

The government funds statements use the current financial resources measurement focus and the modified cash basis of accounting. Revenues are recognized when they are received. Expenditures are recorded when paid with the following modifications:

- Amounts collected as refundable deposits on leases are shown as liabilities.
- Sales taxes to be remitted are collected at time of transactions and shown as liabilities

Investments

The Authority's funds are generally invested in (1) direct obligations of the U. S. government, its agencies or instrumentalities to the payment of which the full faith and credit of the U. S. government is pledged, (2) collateralized or insured certificates of deposit and other evidences of deposits in banks, savings and loan associations, and credit unions secured by appropriate

ARDMORE TOURISM AUTHORITY
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

collateral and (3) money market funds regulated by the Securities and Exchange Commission consisting of authorized domestic securities in compliance with state law. The Authority does not have a formal policy for reducing concentration of credit risk.

Restricted Assets

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Authority considers restricted funds spent first.

Capital Assets

Capital assets, which include property and equipment, are stated at cost. Donated capital assets are recorded at estimated fair market value at the date of donation. If an expenditure results in an asset having an estimated useful life which extends substantially beyond the year of acquisition and exceeds \$1,000, the cost of the expenditure is capitalized and depreciated or amortized over the estimated useful life of the asset utilizing the straight-line method.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are expensed in the current year. When capital assets are disposed, the cost and related accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Property, plant, and equipment are depreciated using the straight line method over the following estimated useful lives:

Buildings	40 years
Vehicles	5 years
Equipment	5-10 years

Government-Wide Financial Statements – When the Authority incurs an expense for which it may use either restricted or unrestricted net assets, it uses restricted net assets first unless unrestricted net assets will have to be returned because they were not used. Net Position on the Statement of Net Position includes the following:

Net Investment in Capital Assets – The component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.

ARDMORE TOURISM AUTHORITY
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

Unrestricted – The difference between assets and liabilities that is not reported as restricted for any particular purpose.

Governmental Fund Financial Statements

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Authority is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Authority does not have any funds in this category as of June 30, 2020.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Authority does not have any funds in this category as of June 30, 2020.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Trustees. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Authority does not have any funds in this category as of June 30, 2020.

ARDMORE TOURISM AUTHORITY
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

- Assigned: This classification includes amounts that are constrained by the Authority's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the management through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The Authority does not have any funds in this category as of June 30, 2020.

- Unassigned: This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The Authority would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

Budgets and Budgetary Accounting

Budgetary comparison information is required to be presented for the general fund if there is a legally adopted budget. The Authority is not legally required to adopt a budget for the general fund. Therefore, budget comparison information is not included in the financial statements.

Use of Estimates

The preparation of financial statements in conformity with the modified basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

Note 2 - Cash

Custodial Credit Risk. Custodial credit risk for cash deposits is the risk that in the event of a bank failure, the Authority's deposits may not be returned or the Authority will not be able to recover collateral securities in the possession of an outside party. The Authority's policy requires collateral for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. Cash deposits of the Authority as of June 30, 2020 were fully insured.

ARDMORE TOURISM AUTHORITY
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 3 – Long-Term Debt

The Authority issued a promissory note with a bank to provide financing toward the roof renovation at the convention center.

Long-term liability activity for the year ended June 30, 2020 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Promissory Note	\$ 435,514	\$ 405,000	\$ 82,403	\$ 758,111	\$ 81,637
	<u>\$ 435,514</u>	<u>\$ 405,000</u>	<u>\$ 82,403</u>	<u>\$ 758,111</u>	<u>\$ 81,637</u>

Long-term liabilities at June 30, 2020, consisted of the following:

<u>Type of Indebtedness</u>	<u>Purpose (Financed costs of)</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Monthly Installments</u>	<u>Outstanding at June 30, 2020</u>
Promissory Note -- Direct Borrowing	Convention Center Roof Project	May, 2030	5.00%	\$9,715	\$ 758,111
					<u>\$ 758,111</u>

As of June 30, 2020, there was a remaining balance of \$153,914 that the Authority can draw down. See subsequent note for further activity after year end.

Collateral – Real property mortgage and all tax revenues payable to the Authority from the City of Ardmore.

The debt matures as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2021	81,637	34,995
2022	84,682	31,901
2023	89,014	27,568
2024	93,568	23,014
2025- Thereafter	409,210	29,525
	<u>\$ 758,111</u>	<u>\$ 147,003</u>

Note 4 - Related Party Transactions

The president/chief operating officer of the Authority also serves as president of the Ardmore Chamber of Commerce (Chamber).

The Chamber is compensated in the amount of \$60,000 by the Authority pursuant to a management contract whereby the Chamber provides necessary personnel, supplies, and equipment to the Authority to carry on its business.

ARDMORE TOURISM AUTHORITY
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 4 - Related Party Transactions (continued)

The Chamber is the payroll administrator of the salaries and benefits for all employees of the Authority. During the year ending June 30, 2020, the Authority reimbursed the Chamber \$200,175 for payroll and related costs.

Note 5 – Commitments and Contingencies

The Authority is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the Authority carries commercial insurance. There have been no significant reductions in coverage from the prior year.

During fiscal year 2020, the worldwide coronavirus (COVID-19) pandemic impacted local, national, and global economies. The Organization is closely monitoring their operations and available net assets and activity working to minimize current and future impacts of unprecedented situation. As of date of issuance of these financial statements, the current and future full impact to the Organization is not known.

Note 6 – Retirement Plan

All full time employees are eligible to contribute to a pretax IRA set up by the Chamber after one year of employment. The Authority will match the employee contribution, up to a maximum of 3% of the employee’s annual salary. The cost of retirement benefits for 2020 was \$4,846.

Note 7 – Capital Assets

Capital assets as of June 30, 2020, consist of the following:

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Capital assets, not being depreciated</i>				
Land	\$ 854,623	\$ -	\$ -	\$ 854,623
Construction in progress	140,259	829,060	-	969,319
Total capital assets, not being depreciated	<u>994,882</u>	<u>829,060</u>	<u>-</u>	<u>1,823,942</u>
<i>Capital assets, being depreciated</i>				
Buildings and Improvements	9,902,454	12,500	-	9,914,954
Branding Costs	22,310	-	-	22,310
Equipment	724,306	10,006	-	734,312
Total capital assets, being depreciated	10,649,070	22,506	-	10,671,576
Less Accumulated Depreciation	<u>(4,280,032)</u>	<u>(288,952)</u>	<u>-</u>	<u>(4,568,984)</u>
Total capital assets, being depreciated, net	<u>6,369,038</u>	<u>(266,446)</u>	<u>-</u>	<u>6,102,592</u>
Governmental activities capital assets, net	<u>\$ 7,363,920</u>	<u>\$ 562,614</u>	<u>\$ -</u>	<u>\$ 7,926,534</u>

Depreciation expense was \$288,952 charged to the Authority’s Convention Center activity.

ARDMORE TOURISM AUTHORITY
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 8 – Adjustments from Fund Financial Statements to Government-Wide Financial statements

The excess of revenues and transfers in over expenditures and transfers out in governmental fund statement of revenues, expenditures, and changes in fund balances differs from the change in net position as reported in the government-wide statement of revenues, expenses and changes in net position. The total difference is \$240,017. The detail of this difference is as follows:

Capital outlay	\$ 851,566
Depreciation expense	(288,952)
Proceeds from issuance of long-term debt	(405,000)
Principal repayments	82,403
	\$ 240,017

The fund balances in the governmental fund statement of assets, liabilities and fund balances differs from the net position reported in the government-wide statement of assets, liabilities and net position. The total difference is \$7,168,423. The detail of this difference is as follows:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	\$ 7,926,534
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported in the funds:	
Notes payable	(758,111)
	\$ 7,168,423

Note 9 – Pledged Revenues

The Authority has pledged future revenues-including all room/lodging tax, gifts, donations, grants or other sums at any time pledged or received by the Authority for the purpose of construction and/or operation of the Ardmore Convention Center, to repay outstanding promissory note. Proceeds of the funds are used for construction/renovations of convention center. Principal and interest on the note are payable through 2025, solely from the sales tax, gifts, donations, grants or other sums at any time pledged or received by the Authority for the purpose of construction and/or operation of the Ardmore Convention Center. Annual principal and interest on the bonds are expected to require approximately 14 percent of such net revenues. Principal and interest paid for the current year was \$113,280. Revenues totaled \$807,463 for the year. At year end, pledged future revenues totaled \$905,114, which was the amount of the principal and interest on the outstanding debt.

ARDMORE TOURISM AUTHORITY
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 10 – Subsequent Events

Subsequent to year end, the Authority had additional drawdowns of \$60,000 from the promissory notes. Revised repayment schedule was as follows:

Year Ending	Principal	Interest
<u>June 30</u>		
2021	79,361	37,221
2022	81,495	35,087
2023	85,665	30,917
2024	90,048	26,535
2025- Thereafter	481,542	58,972
	<u>\$ 818,111</u>	<u>\$ 188,732</u>

ATA has evaluated subsequent events, through the date of this report which the financial statements were made available to be issued.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Trustees
Ardmore Tourism Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Ardmore Tourism Authority, a component unit of the City of Ardmore as of and for the year ended June 30, 2020, and the related notes to the financial statements which collectively comprise the Ardmore Tourism Authority's basic financial statements and have issued our report thereon dated June 22, 2021. Our report on the financial statements disclosed, that, as described in Note 1 to the financial statements, the Authority prepares its financial statements on a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Ardmore Tourism Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ardmore Tourism Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Ardmore Tourism Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ardmore Tourism Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as 2020-001.

Ardmore Tourism Authority's Response to Finding

Ardmore Tourism Authority's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Ardmore Tourism Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mary E Johnson & Associates PLLC

Ardmore, Oklahoma
June 22, 2021

ARDMORE TOURISM AUTHORITY
Schedule of Findings and Responses
June 30, 2020

2020-001 Condition – A deposit was not made within one business day of receipt.

Criteria –Oklahoma State Statute Title 62, Section 517.3 provides the treasurer of every public entity shall deposit daily not later than the immediate next business banking day, all funds in either state or county depositories within Oklahoma.

Effect – Non-compliance with state law.

Context– One of the sixty receipts tested where not within the next business day.

Cause – Lack of monitoring over cash collections.

Recommendation – We recommend that deposits be made within one business day of receipt. We also recommend that a process of review be put into place to determine that deposits are being made within one business day.

Management Response – Management recognizes the important of the timely remittance of funds received at the Convention Center. Chief Operations Officer will provide oversight of daily deposit process. All convention staff will be again trained on the procedures for remittance of any monies received. The Convention Center has implemented new software (May 1, 2020), that will allow management remote access to the system. This will automate the process allowing enhanced oversight.